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Conditions and Prospects of Business and Employment

AN ADDRESS

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CONDITIONS AND PROSPECTS OF BUSINESS AND EMPLOYMENT.

Mr. President, and Members and Guests of the Economic Club of Boston:

Before I venture on the discussion of the subject of the evening I am going to take occasion to express my appreciation of your work as the pioneer among the economic clubs of the country. From the work of this parent club a dozen or more similar organizations have sprung. Among these is our own in New York, with 1,200 members and a long waiting list. But the credit of its inauguration rests largely with the Economic Club of Boston, whose pioneering efforts tried out the practicability of this form of encouraging systematic discussion of the questions of the day.

A Tribute to Our Pioneers.

I take my hat off to the pioneers in any department of human activity—including the suffragists, of course. There is no more picturesque character in the whole range of our national history, than the pioneering men and women who with ox-team and family pushed out the frontier of the nation farther and farther west. Up the mountain coves I see the little procession creep through gaps and down into the plains, over unbridged rivers and uncharted deserts, and up again across the great divide until they stood with their faces to the broad expanse of the Pacific. It was they who made the continent ours. By their sacrifices and in solitude they wrought for God and native land. They threw out self-supporting and self-defending communities, ever following the setting sun. Their's was the pristine power that gives new birth to history. And when the story of the forces that wrought out this nation for us comes to be fully told, no class of builders will rank higher in the galaxy of national heroes and heroines than the men and women whose faith and virility of purpose carried the dominion of our race and stock to the shores of the western sea.

Business Reforms Retard Development.

One of the main troubles with the business situation to-day is that this same pioneering spirit for the time being has been checked. Our rate of growth is being retarded and we are restive thereat. The habit of rapid development is under arrest in business while government is undertaking to bring about certain reforms. This is inevitable

whenever an older era is passing away. While we are marking time in this way it may serve the purpose of this discussion to look back and see how far we have come in the past decade or two. For only as we make correct inventory of the past can we gain accurate insight into the present or a clear vision into the future.

The Age of Surveys is at Hand.

This is the age of surveys and the United States of America affords a field worthy of our best efforts. Looked at from the business standpoint, this country has a population of practically 100,000,000 people within continental limits. Its farms produce \$9,000,000,000 worth of fresh wealth every year, including what is sold and consumed. Our mines add \$2,000,000,000. We have a domestic commerce of probably \$30,000,000,000 a year, and our foreign trade last year, including both exports and imports, was \$4,277,000,000. At a banquet in Hamburg less than a month ago a German senator from that city said that between the sixties and seventies Germany's imports from America amounted to 30,000,000 marks and that by 1913 these had increased to 740,000,000 marks.

We have grown from within and from without. These facts are cited to indicate the wonderful progress of our relations with foreign countries in business matters, and to prepare you for the statement that no complete or trustworthy understanding can be arrived at as to the conditions and prospects of business and employment in the United States without taking into account the relations of our country to the world market.

Our Awakening as a World Power.

Until within recent years we had cherished the belief that as a nation in economic matters we were a law unto ourselves. We thought and acted as if we lived alone in a sort of a privileged paradise. But with the Spanish-American War of 1898, that sense of isolation suddenly gave way to something that carried us off of our feet into a role that no one could be expected to foresee. The story of the assassination of a neighboring people, as told by a New England Senator in Congress as an eye-witness, caught us up as in a whirlwind of righteous indignation. We came down to breakfast one morning and saw that the "Maine" had been blown up in Havana harbor. We looked at each other, eating in silence and then went out into the open. But the land and people were never the same after that. Democracy had become dynamic. The next thing we knew our sovereignty was thrust south into the very heart of the Tropics, our outposts of empire pushed across the Pacific to the gates of Asia, and we stood with our face to the sea as a field of future achievement. Thenceforth we were a maritime state with all of its responsibilities and relationships. And by this broadening of the basis of international service, we made our problems and possibilities of business as wide as the world itself in commerce and finance.

Economic Power of Rising Commodity Prices.

Far-reaching as the expansion of our sovereignty on the sea necessarily was, it wrought no more signal change in our economic life than the long upward swing of commodity prices, which began in 1896 after the severe depression of 1892 to 1895. Those were the days when cotton was selling at five cents a pound in the South, and nearly every municipality in the North of any industrial account was hard pressed to find relief for the unemployed by means of special undertakings. It was the era of soup kitchens and economic helplessness. Piratical methods in business had destroyed credit. Those were the days when cut-throat competition did its deadly work so well that the survivors were glad to seek refuge in consolidations which enabled employers and employed to put an end to suicidal conditions. But after the turn came the recovery was even more rapid than the decline. Between 1896 and the spring of 1912 raw commodities arose 90%. Manufactured articles advanced about 45%. With some further advances and later declines from month to month we are still doing business on one of the higher levels of commodity values in twenty-five years.

Government's Challenge of "Big Business."

One consequence of this advance in prices has been the rapid and enormous expansion in the scale of corporate organization and profits. Inordinate profits led to speculative security issues as a means of controlling markets by consolidations. Thus great fortunes were amassed and not always honestly. Hence the widespread challenge of corporate integrity and freedom on the part of popular opinion through government—one of the most remarkable of phenomena in modern economics. Its real import is deep-rooted and its purpose is sound and not malignant. It is a warning that business must square itself more exactly and honestly with justice, and that no measure of prosperity is worth while which does not insure equity and a reasonably fair distribution of the benefits of economic progress.

Two things stand out clearly in the changes thus far considered. The basis of our commerce has been immensely broadened and the prices of commodities have been greatly enhanced. Along with these two movements partly as cause and partly as effect, has come the large-scale corporation. Under this business has achieved its most wonderful progress. The attitude of the state towards the private corporation for twenty years after the Civil War was that of almost unrestrained freedom in the granting of charters for commercial, industrial and financial undertakings. About the only semblance of systematic regulation was in the national banks which as originally conceived were governmental agencies devised to help finance the war. But the free granting of charters for other enterprises by states was proof of distrust which the state entertained of itself in developing fields which it entrusted to corporate enterprise. Our leading western railroads crossing the prairies were built and the first transcontinentals pushed through to the Pacific coast before discontent began to arise at the results of the unrestricted activity of business corporations.

Reactionary Fears and Illegal Conditions.

This demand is not a new one. As early as 1885 political platforms began to contain denunciations of trusts with demands for their regulation and control. Five years later came the Sherman anti-trust act. That took a quarter of a century before it really found itself. Now we are in the midst of a comprehensive indictment of what is known as "big business." The fear in business circles is that this program amounts practically to an effort to break up all forms of intercorporate co-operation whereby limitations are put to such destructive competition as drove industry into the abysmal depression of the nineties. That seems to be one of the reactionary anticipations of the enforcement of the anti-trust acts.

But along with that there has also come a wide variety of decisions in which the courts have laid down the lines of demarkation between what is fair and unfair in competition. This may be the beginning of a distinction of a positive, constructive character, by means of which in due time we shall find a solution, if it has not already been found, for the problem of eliminating illegal conditions from big business without forcing business to repeat the suicidal process of again impairing its efficiency by destructive competition.

Shortening the Period of Contract.

None of the three changes thus far described has had a greater influence upon business conditions within recent years than that of the shortening of the period between the time when a contract is entered into and the time of the delivery of goods. When prices were low, as was the case with cotton in 1905 and 1908, manufacturers on the basis of low cost of materials extended their contracts to more and more distant dates in the future. It was reported of some Lancashire cotton mills that in certain cases they contracted for their output as far as three years ahead. In the building trades and in the iron and steel markets I am told that a five-year or even a ten-year contract had in low-price periods not been an unusual thing.

But with the higher level of prices, with the prosecution of corporations in order to bring them into alignment with the later interpretation of the law, and with discovery of new supplies of natural resources in various parts of the world within reach of ocean trade, there has come more uncertainty, followed by a shrinking from long-term agreements. High prices have made it more difficult financially for the small industry and the small trader to carry stocks. The result is that in mercantile as well as in industrial fields a large part of the domestic business has come to be done on a hand-to-the-mouth basis.

Are the Conditions of To-day Promising?

So much for the past as a means of insight into the present conditions and prospects. Judged from the four standpoints of the crops, of both foreign and domestic commerce, of industry, including manu-

facturing and employment, and of investment, one may say that the situation on the surface has as a whole not yet begun to clear itself with any degree of definiteness. There are, however, certain underlying conditions, certain significant economic developments which can be read only in the light of recovery and rehabilitation.

I admit that the political and the military outlook is not altogether favorable. There has been over-legislation until business is held in leading strings as if it were an incompetent. There is no end of regulation from the administrative side of Government. The erection of a building in New York City brings down upon its promoter the supervising control of thirteen different bureaus or departments. That is a fair sample of how other branches of industry have brought upon themselves this excessive supervision. I admit that the tariff is giving us a good deal of trouble in making the transition to the new equilibrium between demand and supply under more intense conditions of competition. I admit labor is far from satisfied with its position, and that in not a few cases has good reason for complaint. And on the other hand, the community is equally dissatisfied with labor, whenever it assumes to put hundreds of communities on a starvation basis as it did by the stoppage of transportation on the Delaware & Hudson Railroad last year. Civil war in Colorado is another piece of violence needing the suppressing pressure of a strong-handed government. There can be no bargaining with brigandage, especially when instigated by lawless aliens whose blatant claims of constitutional rights is their chief stock in trade.

Purchasing Power of Big Wheat Harvest.

Apart from all such drawbacks there are three opposing factors making for recovery that go far toward outweighing any adverse elements. They are the grain crops, the new banking system and the re-absorption of our securities until recently held abroad.

When the Crop Reporting Board at Washington figured up the acreage and indications of winter wheat conditions on May 1, it put down as the yield in prospect after making due allowance for deterioration between that date and harvest time a total of 630,000,000 bushels. We have never had anything like so large a winter wheat crop and may not get that this year. This enormous harvest is close at hand. It will take an army of 40,000 harvesters to gather the Kansas wheat for which state a yield of 132,000,000 bushels is predicted. If our spring wheat territory in the Northwest turns out anything like the indications that soil and climate now suggest, we should have at least 250,000,000 bushels from that source, thus leaving a shortage of 120,000,000 bushels below the billion bushel harvest. That is nearly one-fourth of the world's production of wheat. When it is gathered you will have secured a large part of the bread supply of the nation for the next year at a moderate cost. Even now the sound of the reaper is heard in Northern Texas. Within thirty days more the prairies of Nebraska and the rolling hills of grain in eastern Pennsylvania will be reaping. For the next two months the harvesters

will be gathering the wheat crop at the rate of 12,000,000 bushels a day of new wealth and fresh purchasing power.

Unless unusual calamity overtakes crops this season there will be an enormous movement of staples from farm to market. Heretofore the one spectre which has hung over every big harvest was the difficulty of getting funds and credit with which to move the crops while going on with other business. At the end of nine months of labor the toiler on the land had often to sacrifice the product of his industry to unfavorable marketing conditions. With this year for the first time we shall begin to deal with that situation through the new Federal Reserve Banking System.

A New Era in Banking has Come.

In my opinion the Federal Reserve Bank Act is to be put down from the very start as one of the positive factors in business improvement. It will take some time for its full value to be disclosed, but there is no better time than at the beginning of a crop-moving period to show what can be done. The Secretary of the Treasury advises that the new system will be in operation by August 1. That means that the Federal Reserve banks, especially in the grain-growing districts in the West, will be ready for business soon after the winter wheat crop begins to move. This season, from all indications, we shall have an unprecedented yield. Europe will need our surplus wheat and the prospects are that it will be needed earlier than usual. As things look now, I should say that farmers may get from 70 to 80 cents a bushel. If they sell three-quarters of the crop, the wheat alone will require \$500,000,000 for its financing, including purchase from first hands and distribution.

For the first time in their history Minneapolis, St. Louis, Kansas City and Chicago will have within their own hands adequate means and methods of handling these enormous movements of grain to the primary markets, of carrying the surplus during the fall, winter and spring months, and of financing the merchandise movements involved in the purchasing power of the grain and livestock sales of the Mississippi Valley. The same is largely true of the cotton crop.

Credit, Cash and Cars to Move Crops.

The capacity of these banks to rediscount commercial paper originating among merchants and manufacturers will be an immense relief by the release of funds for the immediate needs of crop moving. The Federal Reserve board will have no more important work for the first year of its existence than that of watching day by day, week by week, and month by month the developments of this great annual liquidation of farm products during the latter third of the calendar year when the work of the preceding nine months is rapidly turned into cash.

Two agencies are needed to move our crops—credit (or cash) and cars. With the new reserve system in operation by August 1, when the winter wheat begins to move freely to market, the country and

town merchants will be perfecting their arrangement for the early movement of merchandise from the distributing centers outward. The purchasing power of agriculture will be all the greater because of the more economical methods practiced this season in the production of grain, cotton and livestock. Seed selection, silos and corn clubs are beginning to count. When this vast leaven reaches the business lump the beginning of business revival is morally certain to ensue.

It is wealth from the extractive industries that creates a demand for manufactured products. Remember that we are still on a high price level, and that there is no prospect of farm products undergoing serious decline in the present state of the world's consuming power. We may have from 200,000,000 to 300,000,000 bushels of wheat to export, and the competition in contracts for early export on the Chicago Board of Trade indicates that our railroads may have use for their 230,000 idle cars before the heavy marketings of November and December corn really begin.

Developmental Power of Reserve Banks.

Our business interests do not seem as yet to have grasped the full significance of the economic principle underlying the organization and purpose of the Federal Reserve banks. A country with an area of over 3,000,000 square miles, with a climate ranging from the sub-tropical where the growing period is 150 days or more, to a northern latitude where it is barely 100 days, must naturally have a wide variety of products and of people who represent different kinds and degrees of economic development. For these needs the new banking order was devised. The fundamental principle of the Federal Reserve banking policy lies in the differentiation of the country into more or less homogeneous, complementary and self-developing districts. By the allocation of the scattered reserves of member banks to a central custody, where they can be put to the service of business, the banking power of each district will be vastly enhanced in efficiency.

The measure of service which the available capital and reserves may render will of course depend largely on the wisdom and foresight of regional management and central direction. But assuming ordinary intelligence in this respect, one can easily see something of the possibilities of such an institution thus equipped with talent and means at its disposal. For the first time in the country's history financial leadership is organized and put in command of financial resources in each of the twelve regional districts.

Not only is leadership organized, but it is diffused at strategic points in the economic organization of the country. In the use of these resources it may be possible to bring about inflation. But whether that is to be an evil or not will depend on the extent to which the tendency goes. The control of the situation will lie with the regional staff as well as with the Reserve Board, whose function will, in a way, be that of a general staff of officers affording guidance and control as the conditions may require.

Has Europe Liquidated Our Securities?

Business revival in the United States will come sooner or later, no matter what happens. If Europe has finished with its liquidation of American securities, the revival is all the more certain to occur earlier rather than later. It has been estimated by competent international bankers that during the past two years European holders have sold back to us from \$250,000,000 to \$300,000,000 of our bonds and stocks and short-term notes. That is equal to about \$10,000,000 to \$12,000,000 a month. The burden of absorbing so vast a flow of credits is so great that nothing but a country with an enormous elasticity of financial power could ever perform the work thus required of it.

Under the newer banking system this work should be very much easier. But in any case, so far as it has been accomplished it need not be done over again in the near future. We may have to export considerably more produce to pay for these securities, but in due time even that will be a thing of the past. When it shall have been done we shall be freer than ever to go forward in the larger program of national achievement. And we shall then also, under the improved banking control, be able to protect our supply of gold against the European practice of marshaling metallic reserves for military purposes more or less apart from the legitimate uses of commerce.

If the Federal Reserve banking system really does the work that it is expected to do Europe may never again become so large a holder of American securities, and our own American people will become more and more a nation of investors.

Debt-Paying, Economizing and Investing.

Ever since the panic of 1907, there has been going on a process of debt-paying and of economizing among the people at large. Within the next year after it was estimated that the small investor took \$10,000,000 out of the stock market by direct purchase. Every year meanwhile has helped to put the country in a safer and sounder financial condition. And the plain people own more of the securities. A series of crops averaging high in income to the producers, a fairly steady condition of employment among wage earners and an immense amount of attention given to the introduction of economies in transportation and manufacturing—these have all tended towards one end, namely, the attainment of a more certain balance on the right side of the individual and corporate ledger.

Along with this has gone a critical sifting of security values. The zeal of the Post Office Department in ridding the country of misleading venders of worthless securities is part of a protection against the recurrence of such wastes of the people's savings. The passage of "blue sky" laws by states is a drastic precaution in the same direction. The supervision of the Public Service Commissions over public utility issues, and the proposal of Congress to extend the same kind of control to interstate railroads, are guarantees against dis-

trust such as has hitherto kept the American people from putting their surplus into the properties of their own corporations. In this direction one may look for vast development of investing power. And when that begins to be the case we shall not only have a revival of business, but the revival will have come to stay.

For the present, however, the unfinished business on the financial program of our relations with the world market is the necessity of absorbing Europe's liquidation of our securities. There can be no comprehensive forward movement until that is in large part completed or converted into a demand.

Has Domestic Liquidation Occurred?

Have we also from within been using these years since 1907 to set our own economic house in order, or are we still moving along in the ruts of reaction?

In the reaction which follows a period of speculation and extravagance there are four successive stages through which prices go in the process of liquidation. The first market to record the reaction is the security market. That liquidates months and sometimes years before the other divisions of values are apprised of the fact that the peak has been reached and passed.

The second to detect the hand-writing on the wall is manufactured products. Of these, liquidation became quite general in the years following the panic of 1907, and the market has remained more or less depleted ever since. We know that retail shelves were never more nearly empty. We know that when the merchant went to the banker for \$5,000 or \$10,000 to lay in a fall stock of goods, the banker scanned the statement of stock on hand and told the merchant: "There is your bank. Sell out your high-priced fabrics, hardware or implements, and get your own cash before I am willing to extend credit to you for an additional invoice of goods."

That is the thing that has been happening for the past five years. And there are probably few merchants, especially in the retail trade, that have not known of some such experience. The hazards of stock-carrying have been reduced to a minimum by the application of this policy of basing credit upon the absence of goods on a merchant's shelves or in warehouses. And the reason is that cash in bank is a better basis for enlarging credit than goods on shelves.

Raw Materials and Readjusted Values.

Just as securities and manufactured commodities are liquidated in succession, so raw materials, the third in order, must have their reckoning in a period when general economic readjustment is at hand. One reason why raw materials yield more slowly to this tendency is that during the period between 1895 and 1905 the available supplies of iron ore, of large tracts of timber lands and of coal measures were quite generally carolled under the control of strong financial interests

who foresaw the enhancement of values which must come with the enlargement in the manufacturing output for commodities dependent upon these raw materials. Control was sometimes for speculative purposes. The elements of monopoly in this control have meanwhile not turned out to be quite so secure as was originally believed. The great economic law of substitution sooner or later tends to sound the knell of a private monopoly's death; as, for instance, in the extent to which concrete has been taking the place of lumber.

And this illustrates the tendency to undermine the high-priced level of raw materials. Nothing was supposed to be more of a natural monopoly than the coal supply of various sections of the United States. But the utilization of oil for steam-producing purposes and the resort to hydro-electric power have brought a veritable emancipation of certain localities from exclusive dependence upon coal fuel. Such adjustments have eliminated inflation and brought these natural resources nearer to their true social worth.

Liquidation of City Land Values.

Some claim that we cannot have recovery until land values (the fourth) have been liquidated. I ask the savings bank official who lends much on mortgage whether real estate has liquidated since the panic of 1907. I tell him that city realty does not seem to have done so, at least not in the form in which securities, manufactured goods and raw materials have fallen in price. He agrees with me, but demurs, by saying that when the owner of an equity comes to renew his mortgage the banker says to him: "We will give you \$800,000 on the \$1,000,000 worth of property which you hold on the mortgage now maturing." That's the way it has been going for several years and is still going. The necessity of finding funds to increase the owner's equity in the property has put him in debt and made it all the more difficult for him to develop new enterprises or to enlarge the existing ones. Equity holders have to take the risks of waiting.

Farm Land Values Less Burdened.

If it be said that farm land values have not been liquidated, I answer that this species of land has earned larger returns during the past five years than for any half decade in this generation. This is due to the high prices for farm products. As a result of it mortgages have been largely paid off until the 6,500,000 farms are said to have mortgaged debts against them of only \$40,000,000. Prosperity among farmers has caused them to put much of their own surplus into neighboring farm mortgages, to improve their properties and their methods and to extend the scope of settlement and cultivation wherever undeveloped lands could be reached.

Land has been one of the most desirable forms of investment for several years and no general liquidation is necessary, except where unimproved real estate may have created debts which holders have found difficult to carry. Although most of this in cities and suburbs

and in land settlement schemes has been cleared since 1907, some of it still stands on the program of unfinished financing.

Economic Conditions of Recovery are Here.

So far as the conditions of revival are economic, they are as a rule present. We have seen the general absorption of securities, the necessity of doing business in the mercantile field with smaller stocks and more cash, the re-organization of manufacturing on efficiency standards and the more complete shifting of the risks of carrying real estate on to the shoulders of the equity holder as compared with the mortgage lender. These have brought about a sounder economic situation in which business is believed to have found solider bottom. And whatever else these processes may have brought about, they have conspired to release for fresh investment a vast amount of free capital. Such accumulation as we are beginning to see in the lower rates of bank loans are generally the signs of a turn in the tide after a period of apparent stagnation.

Business and Government Must Co-operate.

Whenever a community or country is passing through a business depression there are three stages of recovery, each of which contains an essential process in the program. They are the economic, the political and the ethical. Respectively they represent credit, co-operation and confidence. As has been said, the main features of the economic requisites of business revival are present. There is plenty of labor, there is plenty of capital, there is in fact plenty of purchasing power for the products of industry. The banks are piling up funds, gold is something of a drug on the market in this country, and yet people are holding off as if for some sign by which to cause them to fall into line.

One of the things wanting is a better understanding among the investing public and the managers of business enterprises as to the government's relation to business. In other words a missing ingredient is co-operation between business and government.

One main source of hesitation due to political matters is due to the delay in the decision of the Interstate Commerce Commission on the railway rate case. But this is an extremely complicated case and the Commission owes it to itself and to the country to do intelligently and understandingly whatever it does.

Ethical Barriers to Recovery.

Finally the main ethical obstacle to business revival lies in a too general lack of confidence in business management. One result of investigations by state and federal authorities, including congressional and administrative inquiries, has been to leave an uncomfortable feeling in the popular mind. There has been much misconception and misleading by "friends of the people." This feeling has been intensi-

fied by such cases as the New Haven railway investigation, partly on account of which hundreds of thousand of investors have had much of their incomes cut off. Disclosures in the Rock Island railway lines and the examination into the relations of some other systems in which bad bargains are alleged to have been made by those in power—these things impair confidence among investors as well as the general public.

The Liquidation of Labor.

It is claimed by some that there will be no revival of business until the wages of labor are scaled down, and the so-called arbitrary attitude of unionism is made more reasonable. But collective action is here to stay. Labor may be arbitrary and unreasonable in pressing its claims under threat for higher wages. But if it succeeds in so bargaining as to obtain more than it earns it will to that extent put itself in a false position and weaken the industry to which it contributes a productive part. No participant in a productive process can for long take out a larger share than it puts in.

Furthermore, there has been much liquidation of labor, as the records of unemployment show. Nothing can prevent a reduction of numbers in dull times. When the question of laying off ten per cent of a working force comes up, the ninety per cent retained prefer to be increasingly efficient rather than to be without income. Such perversions of legislative zeal as the full-crew laws defeat themselves. When a crew with five men on a train of eight cars, takes on one more man, according to law, and increases cars to twelve, the car capacity operated increases fifty per cent and the working force twenty per cent. That is another form of liquidation.

Giving to Every One His Own.

We are passing out of an old order into a new. We are getting used to collective and corporate dealings in which large numbers are concerned. New wine calls for new bottles. Conflict between interests has at first impaired confidence but it also helps in due time to make for a better understanding as a basis of business revival. The healing of the nations comes in just this way.

It is the gradual growth of this quality that brings into the situation a decided balance of hopefulness as to the future of business and employment in this country and in our relations with other countries. Let the larger vision take your eyes away from the things that breed doubt. Out of the trials through which we as a people are going there will come a juster and a truer scale to measure the value of things. And as we learn to read the steelyards of worth among things of human interest, I know that we shall come to see that the higher human element must be placed first. And in that which is human we shall recognize that the dearest of all things is a sense of right balanced with a sense of duty.

Equipped with these qualities, let us begin to build by training youth for useful citizenship at home and the pushing of trade abroad,

always attuning our dealings with one another and with other nations to that standard in which the Roman jurist summed up the experience of the great empire of the Mediterranean, in these words: "Justice is the fixed and enduring disposition to give unto everyone that which is his own."

Pulling Men Over the Poverty-Line.

By the light of these things we must be guided in settling the unsettled questions of business and employment. The costliest thing in the world nowadays is people—not property. And the great object of government—yes, of all collective action—in the production of wealth and in the progress of welfare, is to pull a larger and a larger proportion of the great mass of our fellowmen over the poverty-line into the self-respecting and secure fellowship of prosperity.

Among the potent material agencies which our civilization has discovered in this work is the wise investment of net income derived from productive enterprises. The margin of mastery over the future lies in this force. In the past there has been entirely too much misleading of the investing and the industrious public. And the financial community must come to a higher consciousness of its responsibility to work with the worker in domestic and foreign fields before we can restore the nation to enduring prosperity. Corporate management must become a fiduciary pursuit, recognizing the trusteeship of productive wealth and employment everywhere.

The Judgment-Seat of Democracy.

Business and employment must learn to respect each other's worth. Otherwise a self-governing democracy will visit death as sure as fate upon any type of corporate management that cannot acquire the art of dealing honestly with its sustaining public. Any privileged labor power which boasts the criminality of its liberties and eschews its civic obligations has no other fate in store for itself. Business and employment are both social services. Life's great business is to serve; and to serve in industry, commerce, finance—honestly, remuneratively, happily—is the best that any one may ask for himself or his age.

Out of such an attitude toward organized society comes contentment to the worker and assured prosperity to business.

